Titanium Transportation Group Inc.

Management's Discussion and Analysis

For the second quarter ended
June 30, 2020

Dated August 11, 2020

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis dated August 11, 2020 ("MD&A"), which provides a comparative overview of the Company's performance for its three month and six month periods ended June 30, 2020 with the corresponding three month and six month periods ended June 30, 2019, and it reviews the Company's financial position as at June 30, 2020. Throughout this MD&A, any reference to "Company", "we", "us", "our" or "Titanium" shall mean Titanium Transportation Group Inc. and all of its direct and indirect wholly-owned subsidiaries. This discussion should be read in conjunction with the Company's MD&A, audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2019 as well as the unaudited condensed consolidated interim financial statements of the Company for the second quarter ended June 30, 2020 ("consolidated interim financial statements").

The consolidated interim financial statements of the Company and extracts from those consolidated interim financial statements contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated interim financial statements comply with IAS 34, Interim Financial Reporting, and do not include all of the information required for annual financial statements. The Company's presentation currency is the Canadian dollar. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated. The Company's consolidated interim financial statements for the second quarter ended June 30, 2020 were approved by its Board of Directors on August 11, 2020. Readers are cautioned that certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumption prove incorrect, actual results may vary significantly from those expected. See "Forward Looking Statements" and "Risks and Uncertainties".

Unless otherwise indicated, the information in this report is dated as of August 11, 2020. Additional information relating to the Company is available on SEDAR at www.sedar.com.

OVERVIEW

The Company is an asset-based transportation and logistics company servicing Canada and the United States with terminals in Bolton, Bracebridge, Napanee, North Bay and Windsor, Ontario and with additional parking/switch yards in Sudbury, Brantford, Brockville and Trenton, Ontario and freight brokerage offices in Charlotte, North Carolina and Nashville, Tennessee. The Company has over 1,000 customers across various industries, including large multinational corporations, with no one customer accounting for more than 7% of revenue. The Company has approximately 475 power units, 1,400 trailers, and 600 independent owner operators and full-time employees.

The Truck Transportation segment provides transport of general merchandise by long-haul, dedicated and local trucking services throughout Canada and the U.S. with a variety of trailer types, including dry vans and flatbeds that support both heated and multi-axle services. Through the use of a modern fleet, the Truck Transportation segment provides reliable and high quality service to various customers, attains a high asset utilization through its network of terminals and yards across Ontario, and creates a platform for revenue growth and cost efficiencies through the integration of acquisitions.

The Logistics segment is a non-asset-based broker that provides ancillary transportation services, such as third-party logistics services and freight forwarding across all of North America. Through its network, the Logistics segment offers customers a variety of transportation services, including intermodal, international shipping, specialty services, and expedited services. The Logistics segment succeeds due to the extensive experience and expertise of the Company's dedicated personnel, up to date and innovative information technology and systems, as well as strong strategic relationships with third-party providers.

The Company's operational results are influenced by industry-wide economic factors and by capital allocation including operating and spending decisions. Industry-wide economic factors which impact operational results include freight demand, truck capacity, fuel prices, driver availability, unemployment, exchange rates, government regulation and weather. The Company makes key decisions when allocating capital between its Truck Transportation and Logistics segments, hiring employees or independent contractors and determining sustainable compensation structures, investing in new equipment and technology, and considering business acquisitions. Operating and spending decisions are made after the analysis of numerous important financial and operational metrics including EBITDA[1] and operating income[1], revenue generated per truck and per mile, empty miles, driver retention and fuel efficiency.

Q2 2020 Key Highlights

- Titanium continued to improve its financial position by further lowering its net-debt-to-equity ratio to 1.26, from 1.54 on March 31, 2020. Net debt decreased by $10.1 million, or 15.9%, from Q1 2020.
- Consolidated revenue for Q2 2020 was $38.0 million, a 9.7% decrease over Q2 2019. The decrease was primarily due to pricing pressure and volume decrease associated with the COVID-19 pandemic.
- Operating income was $1.8 million for Q2 2020, representing a 5.1% operating margin[1], compared to $1.4 million and a 3.7% operating margin in Q2 2019, reflecting in part $2.2 million received from the Canadian Emergency Wage Subsidy ("CEWS") program introduced during the pandemic and allocated to operating expenses. For the six month period ended June 30, 2020, operating income increased to $3.1 million, from $2.7 million for the same period in 2019.
- Truck Transportation segment revenue for Q2 2020 was $24.4 million, representing a 14.7% decrease year over year. However, operating income improved to $1.8 million, a 41.4% increase from Q2 2019 of $1.3 million, representing a 7.9% operating margin. This compares to Q2 2019 operating margin of 4.8%. Included in operating expenses was $1.7 million received from the CEWS program for the segment.
- Logistics segment revenue was $14.6 million for Q2 2020, a 1.6% decrease when compared to $14.9 million in the same period in 2019. Our strategic expansion into the U.S. freight brokerage market contributed $5.0 million in revenue in Q2 2020 which offset decreases from the Canadian counterpart. Operating income was $0.6 million, representing a 4.4% operating margin for the quarter. This compares to Q2 2019 operating income of $0.7 million and a 4.8% operating margin. Included in operating expenses was $0.5 million received from the CEWS program for the segment.

Revenue by Industry	
Manufactured Goods	36.6%
Logistics/ Trucking	19.4%
Retail	11.7%
Metals	7.4%
Services	5.9%
Food & Beverage	5.7%
Forest Products	5.5%
Other	4.8%
Automotive	3.0%

Based on Q2 2020 revenue

[1] Refer to "Results of Operations" on page 3 and "Non-IFRS Financial Measures" on page 14 for more information about operating income and EBITDA and for a reconciliation of operating income and EBITDA to net income.

RESULTS OF OPERATIONS

Financial Highlights (unaudited)

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Revenue	35,983,252	39,279,181	76,778,529	75,293,977
Fuel surcharge	1,969,110	2,762,312	5,486,076	5,739,726
	37,952,362	42,041,493	82,264,605	81,033,703
Operating expenses	32,647,148	37,173,885	72,412,496	71,581,279
EBITDA(1)	5,305,214	4,867,608	9,852,109	9,452,424
EBITDA margin(1)	14.7 %	12.4 %	12.8 %	12.6 %
Depreciation	3,429,318	3,368,008	6,589,846	6,607,767
Amortization of customer lists	57,150	57,150	114,300	114,300
Operating income(1)	1,818,746	1,442,450	3,147,963	2,730,357
Operating margin(1)	5.1 %	3.7 %	4.1 %	3.6 %
Gain on sale of property and equipment	(19,023)	(114,696)	(106,881)	(372,514)
Finance costs	709,084	891,674	1,485,901	1,771,019
Finance income	(72,287)	(97,481)	(210,041)	(197,093)
Foreign exchange loss (gain)	(53,104)	48,574	(200,812)	7,790
Income tax expense	380,300	259,420	662,944	521,847
Net income and comprehensive income attributable to owners of the Company	873,776	454,959	1,516,852	999,308
Net income per share - basic	0.02	0.01	0.04	0.03
Net income per share - diluted	0.02	0.01	0.04	0.03

(1) Refer to "Non-IFRS Financial Measures".

EXECUTIVE SUMMARY

During the second quarter of 2020, the onset of the COVID-19 pandemic and the resulting impact on global economies created unprecedented challenges for all businesses. Titanium was not immune and was also tested during the quarter. However, we are pleased with our team's responsible management of the business disruptions and uncertainty that has been visited upon the freight market. Leveraging our existing technologies and infrastructure, Titanium was instantly operational to service the movements of our customers' essential goods throughout North America. Our COVID related protocols were effective at providing a safe workplace for our workforce to uphold uninterrupted services to our customers.

Notably, our robust balance sheet continued to improve despite the challenges in the quarter. Overall, we emerged from Q2 2020 better than expected, and we are on our way to rehiring our entire workforce.

Recovery is the key driving force as we look ahead to Q3 2020. While we have experienced significant contraction in the market since mid-April, as evident by our 10% decrease in consolidated revenue in the quarter, we also saw encouraging signs of normalization beginning in June and into July. As the economy recovers and volumes move back towards pre-pandemic levels, Titanium is poised and ready to service the market. As such, we have strategically opened our second U.S. freight brokerage office in Nashville, Tennessee in early July. Our U.S. operations, being an asset-light model, has proven a logical progression for the business and consistently improved quarter-over-quarter. As end markets begin to re-open, we believe that our additional resources will allow us to benefit from the economic recovery.

While we remain cautiously optimistic, there are risks to both the timing and the pace of economic recovery as reflected in the recent surge in COVID-19 cases, particularly in the United States. Should a second wave of the disease occur later this year, it could contribute to additional downward pressure on volumes and pricing. The Company carefully monitors data to ensure that management is well equipped to make informed decisions. In addition, we have received government assistance for the quarter during this first wave of downturn, but there is no guarantee how long these programs will be extended for.

Nevertheless, even in the event of a further deterioration in economic activity, Titanium is well-positioned to endure a temporary deterioration in the industry. We have purposely improved our net debt to equity ratio again from 1.54 in Q1 2020 to 1.26 this quarter. We have also achieved these improvements by focusing on our core capital deployment strategy, and repaid $10.1 million of net debt during the quarter. We strongly believe in the strength of our financial position and our ability to operate in any economic environment.

In terms of growth, our strong financial position allows us to strategically assess acquisition opportunities as they arise. We continue to explore opportunities and pursue accretive growth targets. We are confident that our patience in the market will reap the desired results as we head towards the second half of 2020. Organically, our focus continued to be on our asset-light U.S. freight brokerage segment. Although profitability for the segment was impacted by volatility resulting from economic uncertainty, growth in this segment will yield exponential results as global economies regain strength.

With our unwavering focus on delivering sustainable and profitable growth, Titanium is positioned to further execute on our growth strategy once the economic environment normalizes. Our dedicated staff and best-in-class technology has and will continue to mitigate the impact of the economic challenges to the Company and its customers. We remained steadfast in our defensive approach in capital deployment and this discipline grants the Company the freedom to seek out larger, profitable inorganic growth opportunities. As always, Titanium remains focused on delivering sustainable, profitable growth and creating long-term shareholder value.

COVID-19 INFORMATION

It is Titanium's utmost priority to ensure the health and wellbeing of our people, our customers and the communities at large. Following the sudden onset of the COVID-19 pandemic, Titanium recognized the severity of the health and financial impact of this highly contagious virus. We have and will continue to monitor closely all pandemic related information to ensure we continue to take all necessary precautionary actions to uphold our uninterrupted services to our customers. Following our swift implementation of safety measures in Q1 2020, the following measures will remain in place until further notice:

- Provide our people with proper Personal Protective Equipment ("PPE") suitable for their duties;
- Educating our workplace to adhere to new government pandemic protocols for the safety of our people and customers;
- Provide Work-From-Home capabilities to workforce as needed;
- Provide our workforce with up-to-date information regarding the preventative measures being taken by the Company and financial assistance available from the government relating to the pandemic;
- Tightened criteria for share repurchases to maintain cash position.

We are pleased with the professionalism and tremendous efforts demonstrated by our people during these difficult times. Titanium can only operate without interruption due to the efforts by our valued team members.

Selected Segmented Financial Information (unaudited)

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Truck Transportation				
Revenue	23,157,587	26,735,072	48,555,193	52,632,503
Fuel surcharge	1,194,972	1,828,948	3,409,156	3,986,114
	24,352,559	28,564,020	51,964,349	56,618,617
Operating expenses				
Carriers and independent contractors	8,107,198	9,138,426	17,316,417	18,522,872
Vehicle operating	5,727,311	7,162,967	12,211,060	13,986,113
Wages and casual labour	4,696,742	6,978,661	11,399,561	13,587,969
Other operating	691,507	781,656	1,480,080	1,608,675
	19,222,758	24,061,710	42,407,118	47,705,629
EBITDA(1)	5,129,801	4,502,310	9,557,231	8,912,988
EBITDA margin(1)	22.2 %	16.8 %	19.7 %	16.9 %
Depreciation	3,252,477	3,157,564	6,252,239	6,270,074
Amortization of customer lists	57,150	57,150	114,300	114,300
Operating income(1)	1,820,174	1,287,596	3,190,692	2,528,614
Operating margin(1)	7.9 %	4.8 %	6.6 %	4.8 %
Gain on sale of property and equipment	(19,023)	(114,696)	(106,881)	(372,514)
Finance costs	673,184	861,094	1,412,274	1,709,806
Finance income	(72,287)	(97,481)	(210,041)	(197,093)
Income tax expense	360,444	201,612	624,975	433,215
Net income	877,856	437,067	1,470,365	955,200

(1) Refer to "Non-IFRS Financial Measures".

Selected Segmented Financial Information (unaudited)**, continued**

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Logistics				
Revenue	13,871,117	13,946,956	30,549,419	25,188,577
Fuel surcharge	774,139	933,364	2,076,920	1,753,612
	14,645,256	14,880,320	32,626,339	26,942,189
Operating expenses				
Carriers and independent contractors	12,668,349	12,155,527	28,083,907	22,073,872
Wages and casual labour	992,415	1,581,183	2,580,257	2,732,627
Other operating	373,825	468,719	796,732	889,145
	14,034,589	14,205,429	31,460,896	25,695,644
EBITDA/ Operating income[(1)]	610,667	674,891	1,165,443	1,246,545
EBITDA/ Operating margin[(1)]	4.4 %	4.8 %	3.8 %	4.9 %
Depreciation	176,841	210,444	337,607	337,693
Finance costs	35,901	30,580	73,627	61,213
Income tax expense	106,106	140,400	184,446	252,986
Net income	291,819	293,467	569,763	594,653

(1) Refer to "Non-IFRS Financial Measures".

Revenue (unaudited)

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Truck Transportation				
Revenue	23,157,587	26,735,072	48,555,193	52,632,503
Fuel surcharge	1,194,972	1,828,948	3,409,156	3,986,114
	24,352,559	28,564,020	51,964,349	56,618,617
Logistics				
Revenue	13,871,117	13,946,956	30,549,419	25,188,577
Fuel surcharge	774,139	933,364	2,076,920	1,753,612
	14,645,256	14,880,320	32,626,339	26,942,189

For the three month and six month periods ended June 30, 2020, the Company's consolidated revenues decreased by $4.1 million and $1.2 million, or 9.7% and 1.5%, respectively, when compared to same periods ended June 30, 2019. The decrease in revenue, reflects the lower volumes and downward pressure on pricing as a fall-out from the economic impact of COVID-19, offset partially by an increase in revenue from the growth in the U.S. logistics segment, which began operations in May 2019.

The Truck Transportation segment experienced a decrease in revenue of $4.2 million or 14.7% for the three month period and a decrease of $4.7 million, or 8.2% for the six month period ended June 30, 2020 when compared to the same periods in 2019. The decrease in the segment was primarily a result of a decrease in pricing and volume related to the challenges in our end markets, particularly during mid-April to the beginning of June. Total miles decreased by 7.2% and revenue per mile decreased by 8.4% when compared to the three month period ended June 30, 2019.

The Logistics segment saw a decrease in revenues of $0.2 million or 1.6%, for the three month period ended June 30, 2020 but an increase of $5.7, million, or 21.1%, for the six month period ended June 30, 2020, when compared to that of 2019. Similar to the Truck Transportation segment, the logistics segment experienced significantly downward pressure in rates and volume due to the unfavorable market conditions in the quarter. The decrease was largely offset by the U.S. Logistics operations, which contributed $5.0 million for the three month period ended June 30, 2020. In comparison, the U.S. operations contributed $0.8 million for the same period in 2019.

Operating Expenses and Income (unaudited)

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Truck Transportation				
Revenue	24,352,559	28,564,020	51,964,349	56,618,617
Operating expenses	19,222,758	24,061,710	42,407,118	47,705,629
EBITDA[1]	5,129,801	4,502,310	9,557,231	8,912,988
EBITDA margin[1]	22.2 %	16.8 %	19.7 %	16.9 %
Depreciation and amortization	3,309,627	3,214,714	6,366,539	6,384,374
Operating income[1]	1,820,174	1,287,596	3,190,692	2,528,614
Operating margin[1]	7.9 %	4.8 %	6.6 %	4.8 %
Logistics				
Revenue	14,645,256	14,880,320	32,626,339	26,942,189
Operating expenses	14,034,589	14,205,429	31,460,896	25,695,644
EBITDA/ Operating income[1]	610,667	674,891	1,165,443	1,246,545
EBITDA/ Operating margin[1]	4.4 %	4.8 %	3.8 %	4.9 %
Corporate				
Operating expenses	435,253	309,593	870,565	707,110

(1) Refer to "Non-IFRS Financial Measures".

For the Truck Transportation segment, operating expenses decreased by $4.8 million, or 20.1%**,** for the three month period ended June 30, 2020 and decreased by $5.3 million, or 11.1%, for the six month period ended June 30, 2020, when compared to the same periods in 2019. The decrease in operating expenses was a result of cost management measures implemented in response to COVID-19, as well as assistance received from the CEWS program. Vehicle operating expense decreased by 20.0% in the quarter when compared to the same period ended 2019. Wages and casual labour expense decreased by 32.7% in the second quarter year over year. Included in the decrease in wages and casual labour expense was government assistance of $1.72 million from the CEWS program. The remainder of the reduction in operating expenses was in line with the decrease of segmented revenue of 14.7% in the quarter. As a result, the Truck Transportation segment operating margin increased to 7.9% for the three month period ended June 30, 2020 from 4.8% in the same period in 2019. For the six month period ended June 30, 2020, the segment operating margin increased to 6.6% from 4.8%.

For the Logistics segment, operating expenses decreased by $0.2 million or 1.2% for the three month period ended June 30, 2020 and increased by $5.8 million or 22.4% for the six month period ended June 30, 2020, when compared to the same periods in 2019. The decrease in expenses for the quarter was mainly attributable to lower Canadian Logistics volume, which was offset by government assistance in the form of $0.46 million allocated to wages and casual labour expense from the CEWS program and an increase in volume from the U.S. Logistics segment.

SUMMARY OF QUARTERLY RESULTS

The following table sets out quarterly financial information for the Company's eight most recently completed quarters:

(in thousands)

	Q2'20	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18
Revenue	37,952	44,312	43,287	42,708	42,041	38,992	42,687	44,845
EBITDA(1)	5,305	4,547	4,467	4,535	4,868	4,585	5,844	5,694
EBITDA margin(1)	14.7 %	11.1 %	11.2 %	11.4 %	12.4 %	12.7 %	14.8 %	13.7 %
Operating income(1)	1,819	1,329	1,175	1,025	1,442	1,288	2,455	2,344
Operating margin(1)	5.1 %	3.3 %	2.9 %	2.6 %	3.7 %	3.6 %	6.2 %	5.6 %
Adjusted net income (loss)(1)	874	643	273	313	455	544	1,299	1,092
Per share - basic	0.02	0.02	0.01	0.01	0.01	0.01	0.04	0.03
Per share - diluted	0.02	0.02	0.01	0.01	0.01	0.01	0.04	0.03
Net income (loss) and comprehensive income (loss) attributable to the owners of the Company	874	643	273	313	455	544	1,299	1,092
Per share - basic	0.02	0.02	0.01	0.01	0.01	0.01	0.04	0.03
Per share - diluted	0.02	0.02	0.01	0.01	0.01	0.01	0.04	0.03

(1) Refer to "Non-IFRS Financial Measures".

Changes from quarter to quarter are mainly the result of seasonality of operations, changes in industry conditions and acquisitions. In 2019, continuing geopolitical matters, such as global trade tension, slowed the momentum of economic growth. The industry also experienced downward pressure in pricing due to overcapacity. Historically, the Logistics segment is more immediately reflective of changing market conditions and changes in spot rates.

In January 2020, COVID-19 became widely known as the spread of the virus began to affect countries outside China. As the virus continued to spread, the outbreak was declared a global pandemic on March 11, 2020 by the World Health Organization. In response, many countries, including U.S. and Canada, imposed government mandated shutdowns of non-essential businesses and travelling restrictions. Overall macroeconomic conditions deteriorated sharply as a result of these regulations and caused significant pressure in pricing and demand. The Canadian government also implemented various relief programs, such as the Canadian Emergency Wage Subsidy program, to alleviate the economic effects of the virus.

LIQUIDITY AND CAPITAL RESOURCES

	June 30 2020	December 31 2019
Working capital (deficit)(1)	283,266	(4,949,497)
Total assets	126,466,488	135,389,544
Net debt(2)	53,641,619	66,323,872
Shareholders' equity	42,539,166	40,603,475
Net debt to equity ratio(3)	1.26	1.63

(1) Working capital (deficit) is defined as current assets less current liabilities.

(2) Net debt is defined as bank indebtedness, loans payable and finance lease liabilities, net of cash, finance lease receivables and assets held for sale, both current and long-term portions.

(3) Net debt to equity ratio is defined as net debt divided by shareholders' equity.

The Company's working capital position improved as at June 30, 2020 when compared to December 31, 2019. We continued our successful capital management strategy and further enhanced the Company's net debt to equity position on top of significant improvements in 2019, mainly due to increases in free cash flow generated from profitable operations. As a result of this strategy, we achieved positive working capital in the quarter despite financing long-term assets with bank indebtedness. The Company has previously achieved positive working capital in third quarter ended September 30, 2015.

Minimal investment in replacement equipment was required during the quarter ended June 30, 2020, as we have been improving asset utilization and significant replenishments were made during 2015 and 2016 following the acquisitions of Muskoka Transport Limited and ProNorth Transportation. In terms of capital spending for the year, the Company has committed approximately $4.3 million towards the purchase of rolling stock during the second half of the year, and is expected to realize proceeds from the sale of excess aged equipment of approximately $0.8 million. Our rolling stock replacement policy is to replace trucks after 6 years, vans after 10 years and flatbeds after 15 years. We believe there is sufficient financing available to fund planned capital expenditures in the future and to provide for the further organic and inorganic growth of the business.

The following table sets out the Company's contractual obligations, excluding future interest payments:

(in thousands)	Total	1 Year	2 Years	3 Years	4 Years	5 Years	After 5 Years
Loans	17,030	5,379	4,178	3,508	1,677	712	1,576
Restated finance leases(1)	43,049	5,902	2,206	834	632	682	32,793
	60,079	11,281	6,384	4,342	2,309	1,394	34,369

(1) Refer to "Changes in accounting policies".

Titanium actively seeks debt refinancing when possible, especially with respect to debt acquired through business acquisitions, to the extent that penalties for early retirement of debt are not significant and lower cost financing is available. We believe the Company's operating cash flows are sufficient to fund daily operating activities and meet regular debt repayment obligations.

The portion of the Company's bank credit facilities which were unused as of June 30, 2020 include approximately $17.8 million under the revolving demand operating facility, $5.0 million under a non-revolving acquisition facility, $7.5 million under an accordion acquisition facility and $5.5 million under a finance lease loan facility. In addition, the Company has $15.8 million available in finance leasing and loan facilities through other institutions.

The Company's credit facility and finance leasing agreements require Titanium to maintain three covenants on a quarterly basis. These covenants are measured on a consolidated rolling twelve-month basis. We were in compliance with all covenants as of June 30, 2020 and we believe the Company will be in compliance with all required covenants for the next twelve months. The first covenant requires the Company's debt to tangible net worth ratio to be less than 3.5. Debt to tangible net worth is a ratio of total liabilities plus future minimum lease payments on non-realty operating leases to shareholder's equity less goodwill, customer lists and deferred tax assets. The second covenant requires the Company's debt service coverage ratio to be greater than 1.05. Debt service coverage is a ratio of net income before interest income and expenses, gains on sale of equipment, depreciation, amortization and non-cash items, less unfinanced capital expenditures, plus proceeds of sale of equipment, to contractually required principal and interest payments made over the prior twelve months. The third covenant requires the Company's fixed charge coverage ratio to be greater than 1.00. Fixed charge coverage is a ratio of net income before interest income and expenses, gains on sale of equipment, to contractually required principal and interest payments made over the prior twelve months.

The Company must calculate its covenants by adjusting its net income and debt to treat realty leases as an operating lease rather than a finance lease.

Common Shares

The Company offers a share purchase plan (the "Plan"), which allows all employees and independent contractors, but excluding insiders of the Company, to contribute up to 5% of their compensation to a maximum of $4,800 per year towards the purchase of Titanium common shares. Contributions are matched at a rate of 100% by the Company and shares are issued from treasury in order to fund the Plan. In the case of employees, matched shares are subject to a three year vesting period. In the case of independent contractors, matched shares are issued after three years of service. The maximum number of shares approved for issuance under the Plan is reviewed by the board of directors annually. Of the shares issued to date, 757,818 have not yet vested.

On May 19, 2020, the Company renewed its normal course issuer bid, allowing the Company to purchase up to 1,821,831 of its common shares (the "NCIB"), representing 5% of its issued and outstanding common shares. The NCIB will terminate on May 18, 2021, or on an earlier date in the event that the maximum number of common shares sought in the NCIB have been repurchased. Purchases pursuant to the NCIB are expected to be made through the facilities of the TSX Venture Exchange (the "TSXV"), or such other permitted means, including through alternative trading systems in Canada, at prevailing market prices or as otherwise permitted by the policies of the TSXV.

During the six month period, the Company repurchased 53,200 common shares at a weighted average purchase price of $1.17 and a total purchase price of $62,388. The excess of the purchase price paid over the carrying value of the shares repurchased, totaled $28,960 and was charged to retained earnings as a share repurchase premium.

As of August 11, 2020**,** there are 36,535,750 common shares of the Company outstanding. In addition, there are 1,938,800 stock options outstanding, of which 969,497 are exercisable.

TRANSACTIONS WITH RELATED PARTIES

The Company provides truck transportation services to companies under common control. These companies include Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd. Aggregate revenues from these companies totaled $1,878,513 and $3,957,142, respectively, for the three month and six month periods ended June 30, 2020 (2019 - $2,010,842 and $3,669,202).

The Company also currently rents its head office terminal from Caledon First Investments Limited, a company under common control. Total rent paid to such company for the three month and six month periods ended June 30, 2020 was $448,029 and $896,076, respectively (2019 - $441,132 and $882,264). The Company has committed to annual base rent of $1,764,528, which will increase to $2,413,123 over a 14 year period.

Trunkeast Investments Canada Limited, the Company's controlling shareholder as of June 30, 2020, provides administrative and support services to the Company on a monthly basis. For these services, the Company was charged $7,500 and $15,000 (2019 - $7,500 and $15,000) for the three month and six month periods ended June 30, 2020, respectively.

These transactions were carried out in the normal course of business and were measured at the exchange amount, which management has concluded approximates an arm's-length arrangement.

FORWARD LOOKING STATEMENTS

This MD&A contains forward looking statements that reflect the Company's current expectations and projections about its future results. When used in this MD&A, forward looking statements can be identified by the use of words such as "may", or by such words as "will", "intend", "believe", "estimate", "consider", "expect", "anticipate", "objective" and similar expressions or variations of such words. Forward looking statements are, by their nature, not guarantees of the Company's future operational or financial performance and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. No representation or warranty is intended with respect to anticipated future results or that estimates or projections will be sustained.

Readers are cautioned not to place undue reliance on these forward looking statements, which are necessarily based on a number of estimates and assumptions that, while considered reasonable by management as of the date of this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The following factors could cause the Company's actual financial performance to differ materially from that expressed in any forward looking statement: highly competitive market conditions, the Company's ability to recruit, train and retain qualified drivers, the Company's ability to identify, successfully complete and integrate suitable acquisitions, fuel price variation and the Company's ability to recover these costs from its customers, foreign currency fluctuations, the impact of environmental standards and regulations, changes in Canadian and US government regulations applicable to the Company's operations, changes in key personnel, adverse weather conditions, accidents and litigation, the market for used equipment, changes in interest rates, changes in the cost of liability insurance coverage, downturns in general economic conditions affecting the Company and its customers and availability of financing on reasonable commercial terms. The Company expressly disclaims any obligation to update forward looking statements if circumstances or management's views or estimates change, except as otherwise required pursuant to applicable law.

From time to time, we will disclose our current annual run rate revenue and EBITDA. Although not intended as such, this may be interpreted as forward looking information. Run rates are presented in order to provide investors with insight into the current size of the Company and do not take into account expected future growth or changes in economic conditions. Historical figures may not be a good indicator of the Company's size, due to acquisitions and the time that it takes to fully realize synergies.

NON-IFRS FINANCIAL MEASURES

This MD&A includes the following financial measures that do not have any standardized meaning under IFRS and may not be comparable to similar measures employed by other companies:

"Earnings before interest, income taxes, depreciation and amortization" ("EBITDA") is calculated as net income before depreciation, amortization, asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs, accelerated customer list amortization and goodwill impairment.

"EBITDA margin" is calculated as EBITDA as a percentage of revenue before fuel surcharge.

"Operating income" is calculated as net income before asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs, accelerated customer list amortization and goodwill impairment.

"Operating margin" is calculated as operating earnings as a percentage of revenue before fuel surcharge.

"Adjusted net income" is calculated as net income before items that are not in the normal course of business, such as accelerated customer list amortization and goodwill impairment.

Management of the Company believes that these financial measures are useful for investors and other readers, when used in conjunction with other IFRS financial measures, as they are measurers used internally by management to evaluate performance. However, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS.

RISKS AND UNCERTAINTIES

The Company's business is subject to a number of risk factors which are described in our most recently filed annual information form. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

As the duration and impact of the COVID-19 pandemic to the global economy is indeterminable, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. The Company will continue to closely monitor the situation as it develops day-to-day and will take further actions, if necessary, to ensure the wellbeing of our workforce, customers, suppliers and other stakeholders, as well as minimize the disruption to Titanium's services.

The Company has taken measures to mitigate the potential negative impact on its financial results as a result of the outbreak. These measures are described under the section COVID-19 information in this MD&A. As the current market remain uncertain, the Company's exposure to interest rate risk and foreign exchange risk are heightened due to the volatility of the market. We continue to monitor the economic conditions on a daily basis to mitigate these risks.

The Company does not expect any material changes to other risk factors provided that temporary COVID-19 precautionary measures relax in the near future. If these measures extend indefinitely, there may be adverse effects on Titanium's credit risks as customers may become financially distressed. There may also be additional risks to the Company's operations as available workforce may contract for the Company, its customers and its suppliers. Furthermore, a prolonged period of precautionary measures will likely have severe effects on the Company's liquidity position. All of the above will have adverse impact to the Company's financial performance if the precautionary measures remain indefinite.

CHANGES IN ACCOUNTING POLICIES

IFRS 3, Definition of a Business, was amended in October 2019 and became effective January 1, 2020. The full description of this change in accounting policy is available in our condensed consolidated interim financial statements and did not have an impact on our results.

During the six month period ending June 30, 2020, the Company adopted the following accounting policy as a result of qualifying for the Canada Emergency Wage Subsidy ("CEWS") program by the Government of Canada.

Government Assistance

Government subsidies and monetary assistances are recognized when there is a reasonable assurance that the subsidy will be received and that the Company will comply with all required conditions. Government subsidies related to current expenses are recorded as a reduction of the related expenses.

TITANIUM
Transportation Group Inc.

Unaudited Condensed Consolidated Interim Financial Statements

For the second quarter ended
June 30, 2020

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

(in Canadian dollars)

	June 30 2020	December 31 2019
Assets		
Current		
Cash	1,698,301	442,828
Trade and other receivables (note 14)	23,363,635	25,609,855
Current taxes recoverable	1,447	1,215
Finance lease receivables (note 5, 13)	1,963,180	2,323,339
Prepaid expenses and deposits	1,661,753	2,294,619
Assets held for sale (note 6)	434,396	156,663
	29,122,712	30,828,519
Finance lease receivables (note 5, 13)	2,476,809	3,565,333
Property and equipment (note 7)	36,412,644	40,055,922
Right of use assets (note 8)	55,091,988	57,517,554
Deferred tax assets	422,699	368,280
Customer lists (note 9)	971,350	1,085,650
Goodwill (note 9)	1,968,286	1,968,286
	126,466,488	135,389,544
Liabilities		
Current		
Bank indebtedness (note 10, 13)	135,044	7,080,567
Trade and other payables	15,906,144	14,611,802
Current taxes payable	435,076	272,830
Loans payable (note 10, 13)	5,378,844	6,155,528
Finance lease liabilities (note 10, 13, 14)	6,984,338	7,657,289
	28,839,446	35,778,016
Loans payable (note 10, 13)	11,651,480	13,486,251
Finance lease liabilities (note 10, 13, 14)	36,064,599	38,432,400
Deferred tax liabilities	7,371,797	7,089,402
	83,927,322	94,786,069
Commitments and contingencies (note 16)		
Shareholders' Equity		
Share capital (note 11)	22,941,496	22,812,412
Contributed surplus (note 12)	8,576,060	8,257,345
Retained earnings	11,021,610	9,533,718
	42,539,166	40,603,475
	126,466,488	135,389,544

On behalf of the Board

"Ted Daniel"
Director

"Bill Chyfetz"
Director

See accompanying notes

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

(unaudited)

(in Canadian dollars)

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Revenue (note 14)	35,983,251	39,279,181	76,778,529	75,293,977
Fuel surcharge	1,969,111	2,762,312	5,486,076	5,739,726
	37,952,362	42,041,493	82,264,605	81,033,703
Operating expenses				
Carriers and independent contractors	19,730,094	19,891,106	43,074,241	38,069,641
Vehicle operating	5,727,311	7,162,967	12,211,060	13,986,113
Wages and casual labour (note 15, 17)	5,940,824	8,752,442	14,474,143	16,786,409
Other operating	1,248,919	1,367,370	2,653,052	2,739,116
	32,647,148	37,173,885	72,412,496	71,581,279
Income before the following	5,305,214	4,867,608	9,852,109	9,452,424
Depreciation (note 7, 8)	3,429,318	3,368,008	6,589,846	6,607,767
Gain on sale of property and equipment	(19,023)	(114,696)	(106,881)	(372,514)
Finance costs (note 14)	709,084	891,674	1,485,901	1,771,019
Finance income	(72,287)	(97,481)	(210,041)	(197,093)
Foreign exchange loss (gain)	(53,104)	48,574	(200,812)	7,790
Amortization of customer lists (note 9)	57,150	57,150	114,300	114,300
	4,051,138	4,153,229	7,672,313	7,931,269
Income before income taxes	1,254,076	714,379	2,179,796	1,521,155
Income tax expense	380,300	259,420	662,944	521,847
Net income and comprehensive income attributable to owners of the Company	873,776	454,959	1,516,852	999,308
Earnings per share:				
Basic	0.02	0.01	0.04	0.03
Diluted	0.02	0.01	0.04	0.03
Weighted average number of shares outstanding:				
Basic (note 11)	35,943,247	36,340,496	35,943,239	36,384,761
Diluted (note 11)	36,607,051	36,777,853	36,579,925	36,793,816

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Six months ended June 30, 2020 and 2019 (unaudited)

(in Canadian dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Total
Balances at December 31, 2019	22,812,412	8,257,345	9,533,718	40,603,475
Share issuance (note 11)	162,512	-	-	162,512
Share-based compensation expense (note 11, 12)	-	318,715	-	318,715
Share cancellation (note 11)	(33,428)	-	(28,960)	(62,388)
Net income and comprehensive income	-	-	1,516,852	1,516,852
Balances at June 30, 2020	22,941,496	8,576,060	11,021,610	42,539,166
Balances at December 31, 2018	22,926,679	7,667,086	8,417,932	39,011,697
Share issuance (note 11)	162,309			162,309
Share-based compensation expense (note 11, 12)	-	236,820	-	236,820
Share cancellation (note 11)	(155,429)	-	(163,931)	(319,360)
Net income and comprehensive income	-	-	999,308	999,308
Balances at June 30, 2019	22,933,559	7,903,906	9,253,309	40,090,774

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

(in Canadian dollars)

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Cash flows from operating activities				
Net income	873,776	454,959	1,516,852	999,308
Adjustments:				
Depreciation (note 7, 8)	3,429,318	3,368,008	6,589,846	6,607,767
Gain on sale of property and equipment	(19,023)	(114,696)	(106,881)	(372,514)
Finance costs	709,084	891,674	1,485,901	1,771,019
Finance income	(72,287)	(97,481)	(210,041)	(197,093)
Amortization of customer lists	57,150	57,150	114,300	114,300
Share-based compensation expense	160,928	122,781	318,715	236,820
Income tax expense	435,308	259,420	435,308	521,847
	5,574,254	4,941,815	10,144,000	9,681,454
Net change in non-cash operating working capital	5,370,225	3,030,794	4,587,192	241,809
	10,944,479	7,972,609	14,731,192	9,923,263
Interest paid	(738,033)	(906,042)	(1,521,977)	(1,757,577)
Interest received	72,287	97,481	210,041	197,093
Income taxes received (paid)	(55,008)	-	(45,318)	-
	10,223,725	7,164,048	13,373,938	8,362,779
Cash flows from investing activities				
Proceeds from finance lease receivables (note 13)	586,783	582,334	1,215,578	1,346,453
Acquisition of property and equipment (note 7, 13)	(31,195)	(319,989)	(60,464)	(540,958)
Disposition of property and equipment (note 6, 7)	101,300	35,000	122,850	258,750
	656,888	297,345	1,277,964	1,064,245
Cash flows from financing activities				
Repayment of bank indebtedness (note 13)	(8,008,329)	(2,417,498)	(6,953,392)	(52,047)
Repayment of loans payable (note 13)	(1,592,473)	(2,436,152)	(3,325,939)	(4,819,338)
Proceeds from finance lease liabilities (note 13)	-	-	335,225	-
Repayment of finance lease liabilities (note 13)	(1,611,537)	(2,005,784)	(3,552,447)	(4,119,475)
Issuance of shares (note 11)	80,885	84,848	162,511	162,309
Shares repurchases (note 11)	(14,388)	(319,360)	(62,387)	(319,360)
	(11,145,842)	(7,093,946)	(13,396,429)	(9,147,911)
Increase (decrease) in cash	(265,229)	367,447	1,255,473	279,113
Cash, beginning	1,963,530	149,162	442,828	237,496
Cash, ending	1,698,301	516,609	1,698,301	516,609

Refer to note 13 for supplemental cash flow information.

1. REPORTING ENTITY

Titanium Transportation Group Inc. (the "Company" or "Titanium") commenced operations as a transportation company on July 3, 2002. The Company is a truck-based carrier and logistics broker servicing all of North America with distribution terminals based in Bolton, Bracebridge, Napanee, North Bay and Windsor, Ontario. The registered head office of the Company is at 32 Simpson Rd, Bolton, Ontario, L7E 1G9. Titanium was incorporated on July 11, 1989 under the Canada Business Corporations Act.

The controlling shareholder of the Company is Trunkeast Investments Canada Limited ("Trunkeast") and the ultimate controlling shareholder is De Zen Investments Canada Limited.

The common shares of the Company trade on the TSX Venture Exchange under the symbol "TTR".

The condensed consolidated interim financial statements include the accounts of the Company and all of its subsidiaries.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent annual consolidated financial statements of the Company, including the notes thereto, for the year ended December 31, 2019.

These condensed consolidated interim financial statements have been prepared by and are the sole responsibility of the Company's management. The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants of Canada for the review of interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 11, 2020.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a going concern basis using historical cost, except for assets and liabilities acquired in business combinations, which are measured at fair value at the acquisition date.

2. BASIS OF PRESENTATION - continued

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated.

Items included in the condensed consolidated interim financial statements of all of the Company’s subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the “functional currency”). The Company identified that all of their subsidiaries with the exception of one have a functional currency of the Canadian Dollar. Titanium American Logistics Inc. in the United States, a wholly owned subsidiary incorporated in fiscal 2019, was determined to have a functional currency of the United States Dollar.

Seasonality of Interim Operations

The activities of the Company are subject to seasonal demand for truck transportation. Historically, the Company has experienced weaker demand in the first quarter, moderate demand in the third and fourth quarters and stronger demand in the second quarter. In addition, harsher winter conditions generally result in lower fuel economy and increased repair costs. Furthermore, the timing of acquisitions and variations in industry conditions could have a considerable impact on quarterly results. Consequently, the results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described in the Company's annual consolidated financial statements have been applied consistently to all periods presented in these condensed consolidated interim financial statements, unless otherwise indicated. The accounting policies have been applied consistently by all subsidiaries.

During the six month period ending June 30, 2020, the Company adopted the following accounting policy as a result of qualifying for the Canada Emergency Wage Subsidy ("CEWS") program by the Government of Canada.

Government Assistance

Government subsidies and monetary assistances are recognized when there is a reasonable assurance that the subsidy will be received and that the Company will comply with all required conditions. Government subsidies related to current expenses are recorded as a reduction of the related expenses.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Judgment

The preparation of these condensed consolidated interim financial statements in accordance with IFRS, requires management to make judgments that affect the application of accounting policies and the interpretation of accounting standards. Management periodically reviews its judgments and underlying assumptions with regards to the significant items outline below. Readers are cautioned that the foregoing list is not exhaustive and other items may also be affected by judgment.

a) *Impairment of Intangible Assets* - Goodwill and intangible assets that have an indefinite life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Except for risk factors identified in Note 17, the Company has not identified any indicators of impairment relating to COVID-19.

b) *Business combinations* – Tangible assets acquired as part of a business combination are valued based on management estimates of current market values, recent selling activity and third party valuations. Intangible assets are valued based on future discounted expected cash flows, customer attrition and workforce turnover. Discount rates are estimated based on industry averages, company size and capital structure.

c) *Income Taxes* – Future tax balances are estimated based on expected future tax rates and the probability of future taxable income needed to realize deferred tax assets. Expected future tax rates are based on currently enacted tax rates or pronounced changes. Future taxable income is based on past performance and future expected conditions.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates and Assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses for the period. Management makes estimates based on specific facts or circumstances as well as past experiences. Management periodically reviews its estimates and underlying assumptions with regards to the significant items outline below. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. As adjustments become necessary, they are reported in the condensed consolidated interim statement of comprehensive income in the period in which they become known. Readers are cautioned that the foregoing list is not exhaustive and other items may also be affected by estimates.

a) *Impairment of trade and other receivables* – An allowance for lifetime expected credit losses is established based on a combined approach of specific account identification and the use of a provision matrix. Management regularly analyzes its approach and exposure to credit loss based on an analysis of all relevant current information as well as historical trends. Except for risk factors identified in Note 17, the Company has not identified any indicators of impairment relating to COVID-19.

b) *Depreciation and impairment of property and equipment and Right of Use Asset*s – Estimates of useful lives for straight line depreciation are based on management's historical experience and are reviewed on an ongoing basis. Property and equipment, as well as Right-of-Use Assets, is assessed for impairment when events or changes in circumstances indicate that the Company may not be able to recover its carrying value.

c) *Share-based payments* – Management estimates expected volatility, the expected life of the instrument and expected forfeitures when valuing share-based payments. Volatility is estimated based on historical trading data. The expected life of the instrument and expected forfeitures is based on past experience.

d) *Provisions* – Estimates of expected settlements arising from matters involving litigation or accident claims are based on information provided by legal counsel or insurance professionals.

New Standard Adopted

IFRS 3, Definition of a Business, was amended in October 2019. The IASB issued narrow-scope amendments to the standards, including revising the definition of a business and introducing an option concentration test. The amendments are expected to assist companies in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments became effective for the Company on January 1, 2020 and did not have an impact on the condensed consolidated interim financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated interim financial statements.

4. OPERATING SEGMENTS

The Company's business activities are made up of two main segments: Truck Transportation and Logistics. The Truck Transportation segment represents the pickup and delivery of full loads across Canada and the United States using a van, flatbed or other specialized equipment. The Logistics segment represents the brokering of freight across North America. The Company's CEO reviews internal management reports for each operating segment on a monthly basis. Operating segment results that are reported include items directly attributable to each operating segment, as well as those that can be allocated on a reasonable basis. Unallocated items ("Corporate") are comprised mainly of expenses required to operate a publicly traded and multi-entity organization.

	Truck Transportation	Logistics	Corporate	Elimination	Total
Three months ended June 30, 2020					
Revenue - external	23,307,106	14,645,256	-	-	37,952,362
Revenue - internal	1,045,454	-	-	(1,045,454)	-
Total revenue	24,352,560	14,645,256	-	(1,045,454)	37,952,362
Depreciation	3,252,477	176,841	-	-	3,429,318
Finance costs	673,182	35,902	-	-	709,084
Finance income	(72,287)	-	-	-	(72,287)
Income (loss) before income taxes	1,238,301	397,925	(382,150)	-	1,254,076
Income taxes (recoveries)	360,444	106,106	(86,250)	-	380,300
Capital expenditures	326,846	32,642	-	-	359,488
Three months ended June 30, 2019					
Revenue - external	27,161,173	14,880,320	-	-	42,041,493
Revenue - internal	1,402,847	-	-	(1,402,847)	-
Total revenue	28,564,020	14,880,320	-	(1,402,847)	42,041,493
Depreciation	3,157,564	210,444	-	-	3,368,008
Finance costs	861,094	30,580	-	-	891,674
Finance income	(97,481)	-	-	-	(97,481)
Income (loss) before income taxes	638,680	433,867	(358,168)	-	714,379
Income taxes (recoveries)	201,612	140,400	(82,592)	-	259,420
Capital expenditures	2,103,955	151,343	-	-	2,255,298

4. OPERATING SEGMENTS - continued

	Truck Transportation	Logistics	Corporate	Elimination	Total
Six months ended, June 30, 2020					
Revenue - external	49,638,266	32,626,339	-	-	82,264,605
Revenue - internal	2,326,083	-	-	(2,326,083)	-
Total revenue	51,964,349	32,626,339	-	(2,326,083)	82,264,605
Depreciation	6,252,239	337,607	-	-	6,589,846
Finance costs	1,412,274	73,627	-	-	1,485,901
Finance income	(210,041)	-	-	-	(210,041)
Income (loss) before income taxes	2,095,340	754,209	(669,753)	-	2,179,796
Income taxes (recoveries)	624,975	184,446	(146,477)	-	662,944
Capital expenditures	497,242	61,910	-	-	559,152
Six months ended, June 30, 2019					
Revenue - external	54,091,514	26,942,189	-	-	81,033,703
Revenue - internal	2,527,103	-	-	(2,527,103)	-
Total revenue	56,618,617	26,942,189	-	(2,527,103)	81,033,703
Depreciation	6,270,074	337,693	-	-	6,607,767
Finance costs	1,709,806	61,213	-	-	1,771,019
Finance income	(197,093)	-	-	-	(197,093)
Income (loss) before income taxes	1,388,416	847,639	(714,900)	-	1,521,155
Income taxes (recoveries)	433,215	252,986	(164,354)	-	521,847
Capital expenditures	4,670,260	219,395	-	-	4,889,655

Revenue is attributed to geographical locations based on the location of the origin of the service. All of the Company's assets are located in Canada.

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Canada	19,381,120	24,970,925	43,683,621	49,888,972
United States	18,571,241	17,070,568	38,580,984	31,144,731
	37,952,361	42,041,493	82,264,605	81,033,703

5. FINANCE LEASE RECEIVABLES

During the six month period ended June 30, 2020, the Company entered into new finance leases totaling $855,895, which are receivable over 12 to 60 months with interest rates ranging from 4.00% to 6.25%.

6. ASSETS HELD FOR SALE

Assets held for sale are comprised of excess and aged rolling stock that is inactive and awaiting sale. These assets are expected to be sold over the next six months. No gain or loss was recognized on reclassification of these assets to assets held for sale. These assets relate entirely to the Truck Transportation segment.

Balance, December 31, 2019	156,663
Reclassification from property and equipment	285,774
Disposals	(8,041)
Balance, June 30, 2020	434,396

7. PROPERTY AND EQUIPMENT

	Land, Buildings and Leaseholds	Furniture and Equipment	Rolling Stock	Total
Cost				
Balances, December 31, 2019	10,787,047	3,628,497	57,125,292	71,540,836
Reacquisition of rolling stock relating to finance lease receivables	-	-	1,127,978	1,127,978
Other additions	-	61,910	696,688	758,598
Sale of rolling stock relating to finance lease receivables	-	-	(900,128)	(900,128)
Other disposals	-	(273,427)	(130,800)	(404,227)
Reclassification to assets held for sale	-	-	(3,160,504)	(3,160,504)
Balances, June 30, 2020	10,787,047	3,416,980	54,758,526	68,962,553
Accumulated depreciation				
Balances, December 31, 2019	1,748,006	3,015,322	26,721,586	31,484,914
Depreciation	273,235	450,406	3,777,269	4,500,910
Sale of rolling stock relating to finance lease receivables	-	-	(199,449)	(199,449)
Other disposals	-	(273,183)	(88,553)	(361,736)
Reclassification to assets held for sale	-	-	(2,874,730)	(2,874,730)
Balances, June 30, 2020	2,021,241	3,192,545	27,336,123	32,549,909
Net carrying amounts				
At December 31, 2019	9,039,041	613,175	30,403,706	40,055,922
At June 30, 2019	8,765,806	224,435	27,422,403	36,412,644

8. RIGHT OF USE ASSETS

	Land and Buildings	Furniture and Equipment	Rolling Stock	Total
Cost				
Balances, December 31, 2019	34,742,752	1,531,949	36,195,567	72,470,268
Other Disposals	-	-	(39,886)	(39,886)
Sale of rolling stock relating to finance lease receivables	-	-	(175,395)	(175,395)
Purchase of lease assets	-	-	(156,000)	(156,000)
Balances, June 30, 2020	34,742,752	1,531,949	35,824,286	72,098,987
Accumulated depreciation				
Balances, December 31, 2019	1,204,266	815,624	12,932,824	14,952,714
Depreciation	218,569	215,279	1,854,291	2,288,139
Sale of rolling stock relating to finance lease receivables	-	-	(63,033)	(63,033)
Other Disposals	-	-	(14,821)	(14,821)
Purchase of lease assets	-	-	(156,000)	(156,000)
Balances, June 30, 2020	1,422,835	1,030,903	14,553,261	17,006,999
Net carrying amounts				
At December 31, 2019	33,538,486	716,325	23,262,743	57,517,554
At June 30, 2019	33,319,917	501,046	21,271,025	55,091,988

9. GOODWILL AND INTANGIBLES

	Goodwill	Customer Lists	Total
Balances, December 31, 2019	1,968,286	1,085,650	3,053,936
Amortization	-	(114,300)	(114,300)
Balances, June 30, 2020	1,968,286	971,350	2,939,636

10. LONG-TERM DEBT

Terms and conditions of outstanding long-term debt are as follows:

	Effective Interest Rate	Year of Maturity	Carrying Amount
Bank indebtedness	PRIME+0.50%	N/A	135,044
Loans payable	2.95% - 5.75%	2020-2031	17,030,324
Finance lease liabilities	2.56% - 5.60%	2020-2026	43,048,937
			60,214,305
Current portion			12,498,226
			47,716,079

11. SHARE CAPITAL

Authorized
Unlimited number of common shares with no par value

	Common Shares #	Share Capital $
Issued		
Balances, December 31, 2019	36,357,576	22,812,412
Shares issued as part of share purchase plan	194,646	162,512
Shares repurchase and cancelled	(53,200)	(33,428)
Balances, June 30, 2020	36,499,022	22,941,496

The Company offers a share purchase plan (the "Plan"), which allows all employees and independent contractors, but excluding insiders of the Company, to contribute up to 5% of their compensation to a maximum of $4,800 per year towards the purchase of Titanium common shares. Contributions are matched at a rate of 100% by the Company and shares are issued from treasury in order to fund the Plan. In the case of employees, matched shares are subject to a three year vesting period. In the case of independent contractors, matched shares are issued after three years of service. The maximum number of shares approved for issuance under the Plan is reviewed by the Board of Directors annually. Of the shares issued to date, 757,818 (December 31, 2019 - 422,808) have not vested. During the three month and six month period ended June 30, 2020, the Company recognized an expense of $79,973 and $153,402 (2019 - $49,033 and $91,226) relating to the Plan, with a corresponding increase to contributed surplus.

11. SHARE CAPITAL - continued

On May 19, 2020, the Company renewed its normal course issuer bid, allowing the Company to purchase up to 1,821,831 of its common shares (the "NCIB"), representing 5% of its issued and outstanding common shares. The NCIB will terminate on May 18, 2021, or on an earlier date in the event that the maximum number of common shares sought in the NCIB have been repurchased. Purchases pursuant to the NCIB are expected to be made through the facilities of the TSX Venture Exchange (the "TSXV"), or such other permitted means, including through alternative trading systems in Canada, at prevailing market prices or as otherwise permitted by the policies of the TSXV.

During the six month period, the Company repurchased 53,200 common shares at a weighted average purchase price of $1.17 and a total purchase price of $62,388. The excess of the purchase price paid over the carrying value of the shares repurchased, totaled $28,960 and was charged to retained earnings as a share repurchase premium.

The weighted average number of common shares outstanding has been calculated as follows:

	3 months ended June 30 2020	**3 months ended June 30 2019**	**6 months ended June 30 2020**	**6 months ended June 30 2019**
Issued common shares, beginning	36,397,654	36,752,847	36,357,576	36,655,488
Effect of unvested common shares	(505,091)	(323,279)	(485,060)	(302,901)
Effect of issued common shares	57,284	56,061	97,323	104,741
Effect of repurchased common shares	(6,600)	(145,133)	(26,600)	(72,567)
Weighted average number of common shares	35,943,247	36,340,496	35,943,239	36,384,761
Dilutive effect of restricted common shares and stock options	663,804	437,357	636,686	409,055
Weighted average number of diluted common shares	36,607,051	36,777,853	36,579,925	36,793,816

12. CONTRIBUTED SURPLUS

Share-based compensation expense is comprised of the following:

	3 months ended June 30 2020	**3 months ended June 30 2019**	**6 months ended June 30 2020**	**6 months ended June 30 2019**
Share purchase plan	79,973	49,033	153,403	91,226
Stock options	80,956	73,748	165,312	145,594
	160,929	122,781	318,715	236,820

The Company offers a stock option plan for the benefit of certain of its directors, employees and consultants. The maximum number of shares which may be issued under this plan may not exceed 6% of the number of issued and outstanding shares of the Company. Each stock option entitles its holder to receive one common share upon exercise. The majority of options vest over a period of six years, with half vesting three years from issuance and the other half vesting six years from issuance. The following table summarizes the changes in outstanding stock options:

	Grant #	**Exercise Price**
Balances, December 31, 2019	1,728,000	1.71
Issued	240,800	1.50
Forfeited	(30,000)	2.29
Balances, June 30, 2020	1,938,800	1.68

Of the total stock options issued during the period, 50,000 (2019 - NIL) stock options were issued to key management personnel. The estimated fair value of stock options was calculated using the Black-Scholes option pricing model with the following assumptions: i) the expected life of each stock option is between 3.5 and 8.5 years; ii) the risk free rate is between 1.21% and 1.59%; iii) the dividend yield will be $NIL; and iv) expected volatility is 58.41%. Volatility was determined using the Company's trading data from the first day of trading to the date of issuance. Variables used in the Black-Scholes option pricing model are based on highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

The following table summarizes information about stock options outstanding as at June 30, 2020:

Exercise Price $	**Options Outstanding #**	**Weighted Average Remaining Life in years**	**Options Exercisable #**
1.50	1,686,300	5.5	836,497
2.85	252,500	5.7	130,000
1.68	1,938,800	5.6	966,497

13. SUPPLEMENTAL CASH FLOW INFORMATION

a) A reconciliation of assets arising from investing activities is as follows:

	Balance Dec 31 2019	Cash Flows	Non-Cash Changes: New Leases	Non-Cash Changes: Reacquired Leases	Balance June 30 2020
Finance lease receivables	5,888,672	(1,215,578)	856,895	(1,090,000)	4,439,989

b) A reconciliation of liabilities arising from financing activities is as follows:

	Balance Dec 31 2019	Cash Flows	Non-Cash Changes: New Leases /Loans	Non-Cash Changes: Foreign Exchange Movement	Balance June 30 2020
Bank indebtedness	7,080,567	(6,953,392)	-	7,869	135,044
Loan payable	19,641,779	(3,325,939)	519,884	194,600	17,030,324
Finance lease liabilities	46,089,690	(3,552,447)	335,225	176,469	43,048,937
	72,812,036	(13,831,778)	855,109	378,938	60,214,305

14. RELATED PARTY TRANSACTIONS AND BALANCES

During the period, Trunkeast held a significant portion of the shares of the Company and had de facto control. Neither Trunkeast nor the ultimate parent produce consolidated financial statements available for public use.

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Provided truck transportation services to Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd., companies under common control	1,878,513	2,010,842	3,957,142	3,669,202
Paid rent to Caledon First Investments Limited, a company under common control	(448,029)	(441,132)	(896,076)	(882,264)
Paid occupancy costs to Caledon First Investments Limited, a company under common control	(62,491)	(67,925)	(124,895)	(135,850)
Paid management fees to Trunkeast	(7,500)	(7,500)	(15,000)	(15,000)
	1,360,493	1,494,285	2,921,171	2,636,088

Under IFRS 16, rent paid to Caledon First Investments Limited is considered repayment of finance lease obligations, with deemed interest paid for right-of-use asset included in finance costs of $379,371 and $759,506 (2019 - $382,252 and $765,160), respectively, during the three and six month period ended June 30, 2020.

Included in finance lease liabilities as at June 30, 2020 is a total of $33,751,104 (2019 - $34,014,335) payable to Caledon First Investments Limited for the use of the Company's head office terminal.

Included in trade and other receivables as at June 30, 2020 is a total of $820,418 (2019 - $555,622) due from these related companies.

These transactions were carried out in the normal course of business and were measured at the exchange amount, which management has concluded approximates an arm's-length arrangement.

15. WAGES AND CASUAL LABOUR

Included in wages and casual labour are the following:

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Share-based compensation expense	160,928	122,781	318,715	236,820
Employee benefits	143,311	240,806	308,793	411,937
Key management personnel:				
Salaries and benefits	170,790	161,909	350,087	354,031
Share-based compensation expense	42,689	31,789	83,230	69,151

Board members and executive officers are deemed to be key management personnel.

16. COMMITMENTS AND CONTINGENCIES

a) As at June 30, 2020, the Company was committed to purchasing approximately $4.3 million in rolling stock.

b) The Company has a letter of credit outstanding for $665,843 in favour of Caledon First Investments Limited, a company under common control, as a security deposit required under the lease for its Bolton head office, and a letter of credit for US$20,000 as security for a vendor.

c) The Company has committed to renting additional office space in Nashville, TN. The future minimum lease payment for the lease is US$0.6 million.

d) The Company is regularly subject to litigation in the normal course of business. In the opinion of management, the outcome of current pending claims, in aggregate, is not likely to be material to the financial condition or results of operations of the Company.

17. COVID-19 INFORMATION

As the duration and impact of the COVID-19 pandemic to the global economy is indeterminable, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. The Company will continue to closely monitor the situation as it develops day-to-day and will take further actions, if necessary, to ensure the wellbeing of our workforce, customers, suppliers and other stakeholders, as well as minimize the disruption to Titanium's services.

In March 2020, the Government of Canada introduced the Canada Emergency Wage Subsidy ("CEWS") to support employers severely affected by COVID-19 and protect Canadian jobs. The subsidy covers 75% of an employee's wages (to maximum of $1,129 per week) for employers with decrease in gross revenues of at least 15% in period relating to March 2020 when compared to March 2019, and 30% in periods relating to April to June. This program has recently been extended to December 2020 with revised calculations for periods relating to July and onwards.

During the six month period ending June 30, 2020, the Company qualified for the CEWS program and recognized $2.18 million in subsidies as a reduction to wages and casual labour expenses.

The Company will continue to review all programs offered by the Government and ensure that it applies for all appropriate support.

The Company's exposure to interest rate risk and foreign exchange risk has heightened during the pandemic. We continue to monitor the economic conditions on a daily basis to mitigate these risks.

The Company does not expect any material changes to other risk factors provided the temporary COVID-19 precautionary measures relax in the near future. If these measures extend indefinitely, there will be adverse effects on Titanium's credit risks as customers may become financially distressed. There may also be additional risks to the Company's operations as available workforce may contract for the Company, its customers and its suppliers. Furthermore, a prolonged period of precautionary measures will likely have severe effects on the Company's liquidity position and financial performance.